

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
IPC International Corporation, <i>et al.</i> ¹)	Case No. 13-12050 (MFW)
)	Jointly Administered
)	
Debtors in Possession.)	
)	Re: Docket Nos. 15, 43, 148, 332
)	

ORDER (I) AUTHORIZING THE USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, AND (II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED LENDER PURSUANT TO 11 U.S.C. §§ 361 AND 363

Upon the motion of the debtors and debtors in possession (together, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), dated August 9, 2013 (the “Motion”) [Docket No. 15], seeking, among other things, the entry of an order (the “Order”): (i) authorizing Debtors’ continued use of the Cash Collateral (as hereinafter defined) solely on the terms and conditions set forth in this Order; and (ii) granting adequate protection to The PrivateBank and Trust Company (“PrivateBank”) in its capacity as the Prepetition Secured Lender (the “Prepetition Secured Lender”); the Debtors, PrivateBank and the official committee of unsecured creditors appointed in this case (the “Committee”) having reach an agreement for the Debtors’ consensual use of cash collateral hereunder through March 31, 2014; and after due deliberation and consideration, and good and sufficient cause appearing therefor:

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. On August 9, 2013 (the “Petition Date”), the Debtors filed with this Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: IPC International Corporation (2698); and The Security Network Holdings Corporation (7985). The address of each of the Debtors is 2111 Waukegan Road, Bannockburn, IL 60015.

for the appointment of a trustee or examiner. On August 30, 2013, the Committee was appointed in these Chapter 11 Cases [Docket No. 126].

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. By Order dated September 4, 2013 [Doc. No. 148] (the "Final DIP Order") this Court, among other things, authorized the Debtors to (i) enter into a DIP Credit Agreement (as defined in the Final DIP Order) with PrivateBank, (ii) borrow money pursuant to the DIP Credit Agreement, (iii) use the Cash Collateral (as defined in the Final DIP Order) of PrivateBank in its capacity as Prepetition Secured Lender, and (iv) provide PrivateBank, in its capacity as Prepetition Secured Lender with certain liens and claims as adequate protection in connection with the foregoing.

D. By Order dated October 17, 2013 [Doc. No. 260] (the "Sale Order") this Court, among other things, (i) authorized the Debtors to consummate the sale of substantially all of their assets to Universal Protection Service, LLC (the "Buyer"), (ii) authorized the Debtors to pay and indefeasibly satisfy the Prepetition Obligations, Adequate Protection Obligations, and DIP Obligations (as defined in the Final DIP Order and collectively, the "Obligations") from the proceeds of the Sale (the "Sale Proceeds"), except as to those fees and other payments required to be made pursuant to the August 9, 2013 asset purchase agreement between the Debtors and the Buyer (the "APA"), subject to the provisions of paragraph 29 of the Final DIP Order, and (iii) ordered that the Debtors shall continue to pay the outstanding Obligations owed to the Prepetition Secured Lender out of the Debtors' continued collections of accounts receivable and other collateral of the Prepetition Secured Lender.

E. On or about November 26, 2013, the sale of substantially all of the Debtors' assets authorized pursuant to the Sale Order closed. The Debtors acknowledge that, except as to those fees and other payments required to be made pursuant to the APA, substantially all of the Debtors' cash, including, without limitation, all of the Sale Proceeds, including all elements of the purchase

price, and all other cash and other amounts on deposit in the Debtors' accounts or maintained in the Debtors' lockbox by the Debtors and any amounts generated by collection of the Debtors' accounts receivable or other receivable items, or any other cash resulting from the disposition of the Debtors' assets, constitutes proceeds of the Prepetition Collateral (as defined in the Final DIP Order) and/or proceeds of collateral upon which the Prepetition Secured Lender received replacement liens pursuant to the Final DIP Order, and therefore constitutes cash collateral of the Prepetition Secured Lender within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

F. Pursuant to section 2.5 of the Second Amendment to the APA executed on or around November 22, 2013, a portion of the sale proceeds were held back (the "Holdback") pending the resolution of certain post-closing items.

G. By order dated December 17, 2013, this Court entered an Order authorizing the Debtors' use of the Cash Collateral and granting Adequate Protection to the Prepetition Secured Lender (the "Original Cash Collateral Order"). Under Paragraph 5 of the Original Cash Collateral Order, the Original Cash Collateral Order and its Budget terminated on January 10, 2014.

H. The Debtors have an immediate and continuing need to use Cash Collateral pursuant to the terms of this Order in order to continue to meet their obligations as debtors-in-possession and to attempt to confirm and consummate an orderly plan of liquidation under section 1129 of the Bankruptcy Code.

I. The Prepetition Secured Lender is prepared to consent to the Debtors' continued use of Cash Collateral pursuant to the expenditure budget attached hereto as Exhibit A (the "Budget") on the terms and conditions provided for in this Order, including that the Court authorizes the Debtors, pursuant to sections 361, 363 and 507(b) of the Bankruptcy Code, to grant to the Prepetition Secured Lender, as adequate protection for the Adequate Protection Obligations (as hereinafter defined), but subject to the Carve-Out, (a) replacement security interests in and liens and mortgages upon (collectively, the "Adequate Protection Liens") all of the prepetition and post-

petition real and personal property of the Debtors (including, without limitation, the Holdback, all right, title and interest in all now-owned and hereafter-acquired accounts, chattel paper, deposit accounts, cash collateral, cash, money, cash equivalents, rights with respect to letters of credit, documents, equipment, motor vehicles, fixtures, general intangibles, instruments, inventory, investment property, commercial tort claims, intellectual property, intercompany advances, leasehold interests and fee simple interests in real property and licenses and easements with respect to real property, and all products, accessions and proceeds with respect to any of the foregoing), whether now existing or hereafter acquired or arising and of any nature whatsoever, including, without limitation, (i) all Prepetition Collateral and (ii) all assets of the Debtors that do not constitute Prepetition Collateral and the proceeds thereof (collectively, the "Adequate Protection Collateral"), but not: (1) any avoidance actions of the Debtors' estates arising under chapter 5 of the Bankruptcy Code (the "Avoidance Actions") and the proceeds thereof, or (2) the General Liability Fund, and (b) a superpriority administrative expense claim under section 507(b) of the Bankruptcy Code (the "Adequate Protection Priority Claim"), which Adequate Protection Priority Claim shall be subordinate in priority only to the Carve-Out, and which shall not be payable from the proceeds of Avoidance Actions. The Adequate Protection Liens and the Adequate Protection Priority Claim granted under this Order shall be in addition to the Adequate Protection Liens and the Adequate Protection Priority Claim granted under the Final DIP Order, and together they shall secure the payment of all Obligations (as defined in the Final DIP Order) in an amount equal to any diminution in the value of the Prepetition Secured Lender's interests in the Prepetition Collateral, including the Cash Collateral, from and after the Petition Date (the aggregate amount of such diminution, the "Adequate Protection Obligations") including, without limitation, any diminution resulting from: (i) the Debtors' use of the Prepetition Collateral, (ii) the imposition of the priming DIP Liens (as defined in the Final DIP Order), and (iii) the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code, provided, however, that notwithstanding the foregoing, the diminution claim

secured by the Adequate Protection Liens and the Adequate Protection Priority Claim shall not include the diminution in the Prepetition Collateral arising from, and to the extent of, the repayments or deemed repayments of the Prepetition Obligations under paragraph 6 of the Final DIP Order. The Adequate Protection Liens shall be junior to the Carve-Out.

J. Subject to the substitution of the Prepetition Secured Lender's liens on the Prepetition Collateral for liens on the Sale Proceeds, as and to the extent authorized by the Sale Order, the Debtors admissions, stipulations and agreements in paragraph D(1)-(7) of the Final DIP Order with respect to the Prepetition Credit Agreement, the Prepetition Credit Documents, the Prepetition Secured Lender, the Prepetition Obligations, the Prepetition Collateral and the Cash Collateral (each, as defined in the Final DIP Order) are incorporated herein by reference and remade as of the date hereof.

K. The Prepetition Secured Lender does not consent to the Debtors' use of the Prepetition Collateral, including the Debtors' use of the Cash Collateral, except on the terms set forth in this Order. The consent of the Prepetition Secured Lender to the use of Cash Collateral pursuant to this Order does not constitute, and shall not be construed as constituting, an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected pursuant to this Order or otherwise.

L. The Debtors and the Prepetition Secured Lender have negotiated the terms and conditions of this Order in good faith and at arm's-length. Entry of this Order is in the best interest of the Debtors, their estates and creditors. The terms of the Debtors' continued use of Cash Collateral pursuant to this Order are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

M. The Committee has reviewed and approved this Order and the Budget. Under the circumstances, no further notice of the interim relief granted herein is necessary.

N. Based on the foregoing, and upon the record made before this Court at the

Hearing, and good and sufficient cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Debtors' use of Cash Collateral pursuant to the terms of this Order is approved on the terms and conditions set forth in this Order. This Order shall become effective and binding upon all parties in interest immediately upon its entry.

2. The Debtors are hereby authorized to use the Cash Collateral, retroactive to January 10, 2014, to fund their general corporate and working capital requirements (including, without limitation, certain administrative expenses in the Chapter 11 Cases), in each case solely in accordance with the Budget and the terms of this Order. For avoidance of doubt, the Budget attached hereto as Exhibit A shall supplant and be in lieu of the Budget provided for in the Original Order that covered the weeks from November 29, 2013 to February 7, 2014.

3. For purposes of this Order, "proceeds" of any collateral shall mean proceeds (as defined in the Delaware Uniform Commercial Code) of such collateral as well as: (x) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to or for the account of the Debtors from time to time with respect to such collateral; and (y) all other payments, dividends, interest, or other distributions on or in respect of any such collateral.

4. The Budget reflects on a line-item basis the Debtors' anticipated cumulative cash expenditures on a weekly basis. The Debtors shall not make any payments or other disbursements other than as set forth in the Budget, without the prior written consent of the Prepetition Secured Lender. Failure by the Debtors to comply with the Budget shall constitute a Cash Collateral Termination Event (defined below) under this Order. The Budget shall not be modified without the prior written consent of the Prepetition Secured Lender. The Debtors shall provide the Prepetition Secured Lender with such financial reports as the Prepetition Secured Lender may reasonably request from time to time.

5. The Debtors' authority to use Cash Collateral in accordance with this Final

Order and the Budget shall terminate on the earliest to occur (the "Cash Collateral Termination Event") of: (a) March 31, 2014; (b) the occurrence of the effective date under any plan of reorganization or liquidation for the Debtors; (c) the full, final, and indefeasible payment of the Obligations and any other amounts due and owing to the Prepetition Secured Lender and the DIP Lender by the Debtors or its affiliated co-borrowers, or (d) the occurrence and continuation of an Event of Default as set forth in paragraph 6 under this Order and a determination by the Prepetition Secured Lender, by written notice delivered by hand-delivery, overnight mail, facsimile, or email to counsel for the Debtors, the Committee, and the U.S. Trustee, to terminate the Debtors' use of Cash Collateral pursuant to the terms of this Order.

6. The occurrence of any of the events set forth in clauses (a) through (n) below shall constitute an immediate Event of Default under this Order: (a) failure by the Debtors to comply with any provision of this Order including, without limitation, the Budget, and any other affirmative or negative covenants set forth in this Order; (b) except as authorized hereby, the Debtors shall take any material action in the Chapter 11 Cases that is adverse to the Prepetition Secured Lender or its interests in the Prepetition Collateral or the Cash Collateral; (c) any of the Chapter 11 Cases are dismissed or converted to a chapter 7 case, or a chapter 11 trustee, a responsible officer, or an examiner with enlarged powers relating to the operation of the Debtors' business is appointed in any of the Chapter 11 Cases; (d) this Court enters an order granting any relief from the automatic stay unless consented to by the Prepetition Secured Lender; (e) an order is entered reversing, amending, supplementing, staying, vacating or otherwise modifying this Order without the consent of the Prepetition Secured Lender; (f) the Debtors create, incur, or suffer to exist any post-petition liens or security interests other than: (A) those granted pursuant to the Final DIP Order, and (B) any other junior liens or security interests that the Debtors are permitted to incur under the Prepetition Credit Agreement, the Final DIP Order, the DIP Credit Documents, or this Order; (g) the filing by the Debtors, the Committee, or any other party (excluding the limited objection filed

by the Committee on October 30, 2013 [Doc. No. 281]) of any motion, application, or adversary proceeding challenging the validity, enforceability, perfection, or priority of the liens securing the Prepetition Obligations or asserting any claim or cause of action against and/or with respect to the Prepetition Obligations, the liens securing the Prepetition Obligations, or the Prepetition Secured Lender or any of its affiliates, agents, attorneys, financial advisors, officers, managers, directors, or employees; (h) this Court enters an order terminating the Debtors' exclusive period to file a plan of reorganization; (i) the Debtors file, or support the filing of, any plan of reorganization or liquidation that does not seek consensual treatment of the Pre-Petition Obligations, the Pre-Petition Collateral, the Cash Collateral, or the Adequate Protection Obligations; or (j) without the consent of the Prepetition Secured Lender, the Debtors file, or support the filing of, a motion seeking the authority for the Debtors to abandon any of the Prepetition Collateral pursuant to section 554 of the Bankruptcy Code or otherwise.

7. As adequate protection for the payment of the Adequate Protection Obligations and subject to the Carve-Out, the Prepetition Secured Lender shall be granted the Adequate Protection Liens (as defined in paragraph I above) and the Adequate Protection Priority Claim (as defined in paragraph I above). The Adequate Protection Liens shall be junior in priority to the Carve-Out and to the Permitted Liens (as hereinafter defined) with respect to the collateral encumbered by any such Permitted Liens to the extent such Permitted Liens were senior to the liens of the Prepetition Secured Lender securing the Prepetition Obligations as of the Petition Date, and senior to any other liens. For purposes hereof, the "Permitted Liens" shall mean valid, properly perfected, enforceable, and non-avoidable liens on assets of the Debtors in existence as of the Petition Date, but only to the extent such liens are senior in priority to the Prepetition Secured Lender's liens on any Prepetition Collateral or Adequate Protection Collateral. The Adequate Protection Priority Claim shall be junior in priority to the Carve-Out and senior to all other administrative claims. As additional adequate protection, the Debtors shall be prohibited from incurring additional indebtedness having priority

claims or liens equal to or senior in priority to the Prepetition Obligations, the Adequate Protection Obligations, or the liens securing such obligations. Without the prior written consent of the Prepetition Secured Lender, no portion of the Prepetition Collateral or the Adequate Protection Collateral (including any Cash Collateral) shall be used by the Debtors to satisfy chapter 11 administrative expenses, except as expressly permitted under the terms of the Budget,

8. The Adequate Protection Liens granted pursuant to this Order shall constitute valid, enforceable and duly perfected security interests and liens upon entry of this Order, and the Prepetition Secured Lender shall not be required to file or serve financing statements, notices of lien, or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such security interests and liens. Failure by the Debtors to execute any documentation relating to the Adequate Protection Liens shall in no way affect the validity, enforceability, perfection, or priority of such Adequate Protection Liens. All Adequate Protection Collateral shall be free and clear of other liens, claims, and encumbrances, except (i) those liens on the Prepetition Collateral or the Adequate Protection Collateral in favor of the Prepetition Secured Lender with respect to the Prepetition Obligations, (ii) any and all valid, perfected, enforceable and non-avoidable liens on the Prepetition Collateral or the Adequate Protection Collateral that are junior in priority to the liens of the Prepetition Secured Lender, (iii) the Permitted Liens, and (iv) the Carve-Out.

9. As additional adequate protection, so long as the Budget remains in effect in accordance with the provisions of this Order, all accounts receivable and other collateral proceeds of the Debtors, except the amounts received to fund the Budget items for that weekly period, shall be used to indefeasibly pay and satisfy the Prepetition Secured Lender's claim. Consistent with this Court's *Final Order Authorizing Maintenance of Existing Bank Accounts, Continued use of Existing Business Forms, Continued Use of Existing Cash Management System, and Granting Other Relief* [Doc. No. 131], the Debtors remain authorized to deposit funds,

including the Sale Proceeds, in accordance with their established investment practices in effect as of the Petition Date and, to the extent such investment practices are not consistent with the requirements of section 345(b) of the Bankruptcy Code or of the U.S. Trustee's Operating Guidelines for Chapter 11 Cases, such requirements are waived. All Sale Proceeds and other deposited funds of the Debtors held by the Prepetition Secured Lender may be held pursuant to the Prepetition Secured Lender's ordinary business practices, and the requirements of section 345(b) of the Bankruptcy Code are waived.

10. Upon the occurrence and during the continuation of a Cash Collateral Termination Event, to the extent unencumbered funds are not available to pay administrative expenses in full, the Prepetition Secured Lenders' liens, the Adequate Protection Liens, and the Adequate Protection Claim, and all liens junior thereto, shall be subject to the payment of the Carve-Out. For purposes of this Order, the "Carve-Out" shall mean, collectively: (a) all statutory fees payable by the Debtors pursuant to 28 U.S.C. 1930(a)(6) and (b) the sum of any unpaid professional fees and expenses of the professionals retained by the Debtors and the Committee that were (A) specified in the Budget, (B) incurred but not paid as of the date of such Cash Collateral Termination Event, and (C) are subsequently allowed by order of this Court, in each case only to the extent not subsequently paid. Notwithstanding any other provision of this Order, all liens, claims, and interests of the Prepetition Secured Lender shall be subject and subordinate to the Carve-Out.

11. No portion of the Prepetition Collateral, the Cash Collateral, or the Carve-Out, and no disbursements set forth in the Budget, shall be used for the payment of professional fees, disbursements, costs, or expenses incurred in connection with asserting any claims or causes of action against the Prepetition Secured Lender or DIP Lender, or any of its respective affiliates, agents, attorneys, financial advisors, officers, managers, directors, or employees, including, without limitation, any action challenging or raising any defenses to the Obligations, the liens of the Prepetition Secured Lender, or the validity or enforceability of the Prepetition Credit Documents.

12. Nothing herein shall preclude the Prepetition Secured Lender from (i) seeking additional adequate protection from the Debtors at any time, or (ii) seeking to terminate the Debtors' use of Cash Collateral. Furthermore, nothing herein shall be construed as an acknowledgment or stipulation by the Prepetition Secured Lender that its interests in the Prepetition Collateral are adequately protected.

13. The Debtors' and their estates' irrevocable waiver of any right to assert any surcharge claim against the Prepetition Secured Lender, under section 506(c) of the Bankruptcy Code or otherwise, contained in Section 21 of the Final DIP Order is unaffected by this Order and is preserved. In no event shall the Prepetition Secured Lender be subject to the equitable doctrine of marshaling or any similar doctrine with respect to the Prepetition Collateral.

14. The Debtors' and their estates' irrevocable waiver of the right to (a) seek the authority to use the Cash Collateral without the consent of the Prepetition Secured Lender, or (b) propose or support any plan of reorganization or liquidation that is not acceptable to the Prepetition Secured Lender in respect of the treatment of the Pre-Petition Obligations, the Pre-Petition Collateral, or the Adequate Protection Obligations is unaffected by this Order and is preserved.


15. None of the Adequate Protection Liens, the Adequate Protection Priority Claims or the Carve-Out shall be subject or subordinated to, or made *pari passu* with, (a) any lien that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, or (b) any other lien or security interest, whether under sections 363 or 364 of the Bankruptcy Code or otherwise.

16. The Prepetition Secured Lender shall be entitled to all of the rights and benefits arising under section 552(b) of the Bankruptcy Code, and the "equities of the case" exception shall have no application to the Prepetition Collateral.

17. The provisions of this Order shall be binding upon and inure to the benefit of the Prepetition Secured Lender, the Debtors, and their respective successors and assigns. The provisions

of this Order and any actions taken pursuant thereto (a) shall survive the entry of any order: (i) confirming any plan of reorganization in these Chapter 11 Cases; (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; or (iii) dismissing the Chapter 11 Cases; and (b) shall continue in full force and effect notwithstanding the entry of any such order, and the claims, liens, and security interests granted pursuant to this Order shall maintain their priority as provided by this Order until all of the Adequate Protection Obligations are indefeasibly paid in full and discharged.

Dated: March 14, 2014



The Honorable Mary F. Walrath
United States Bankruptcy Judge

3/4/2014 9:23 PM

Security Network Holdings

Wind Down Budget

Winddown Budget Summary
 Weekly Cash Flow Forecast - For Weeks Ended 2/7/14 through 3/28/14
 (000s)

Line:	Week Ending	2/7/14	2/14/14	2/21/14	2/28/14	3/7/14	3/14/14	3/21/14	3/28/14	Total
A.	Beginning Cash	3,106.9	3,045.3	2,867.3	2,996.6	2,235.9	1,223.5	697.4	702.4	3,106.9
	Sale Proceeds	-	-	-	-	1,400.0	-	-	-	1,400.0
	Asset Recovery / Service Fees	528.0	25.0	180.3	50.0	54.7	84.2	25.0	28.5	975.7
B.	Total Cash Receipts	528.0	25.0	180.3	50.0	1,454.7	84.2	25.0	28.5	2,375.7
	Cash Outflow									
	Wages / Personnel	20.8	174.5	-	24.7	3.8	20.7	-	18.9	263.4
	Vendors / Priority Claims	68.8	28.5	26.0	11.0	36.6	589.5	20.0	331.5	1,112.0
	General Liability Fund	-	-	-	-	2,000.0	-	-	-	2,000.0
	Other	-	-	-	-	-	-	-	-	-
	Bank Debt (1)	500.0	-	25.0	775.0	426.7	-	-	150.0	1,876.7
C.	Total Cash Outflow	589.6	203.1	51.0	810.7	2,467.0	610.3	20.0	500.4	5,252.0
D (B-C)	Change in Cash	(61.6)	(178.1)	129.3	(760.7)	(1,012.4)	(526.1)	5.0	(471.9)	(2,876.4)
E. (A-D)	Ending Cash	3,045.3	2,867.3	2,996.6	2,235.9	1,223.5	697.4	702.4	230.6	230.6

Footnotes:

Beginning ESOP Loan	1,014.9	514.9	514.9	489.9	-	-	-	-	-	1,014.9
Less: Paydowns from Winddown	(500.0)	-	(25.0)	(489.9)	-	-	-	-	-	(1,014.9)
Ending ESOP Loan	514.9	514.9	489.9	-	-	-	-	-	-	-
Beginning Mortgage	3,213.3	3,213.3	3,213.3	3,213.3	2,928.2	2,501.5	2,501.5	2,501.5	2,501.5	3,213.3
Less: Payments	-	-	-	(285.1)	(426.7)	-	-	-	(150.0)	(861.8)
Ending Mortgage	3,213.3	3,213.3	3,213.3	2,928.2	2,501.5	2,501.5	2,501.5	2,501.5	2,351.5	2,351.5
Total Bank Loans	3,728.2	3,728.2	3,703.2	2,928.2	2,501.5	2,501.5	2,501.5	2,501.5	2,351.5	2,351.5